

SHELBY COUNTY, TENNESSEE, RETIREMENT SYSTEM

PLAN C

GENERALLY EFFECTIVE SEPTEMBER 1, 2005

TABLE OF CONTENTS

ARTICLE 1	DEFINITIONS	1-1
	Accrued Benefit	1-1
	Active Participant	1-1
	Actuarially Equivalent	1-1
	Actuary	1-1
	Alternate Benefit Accrual Account	1-1
	Annual Benefit	1-1
	Averaging Period	1-2
	Beneficiary	1-2
	Board	1-2
	Certificate	1-2
	City	1-2
	City Plan	1-2
	City Transfer Service	1-2
	COLA	1-2
	Commission	1-2
	Commissioner	1-2
	Consumer Price Index	1-3
	County	1-3
	County Transfer Service	1-3
	Credited Service	1-3
	Day	1-3
	Deferred Vested Retirement Pension	1-3
	Defined Benefit Dollar Limitation	1-3
	Defined Benefit Fraction	1-3
	Defined Contribution Fraction	1-3
	Dependent Child	1-3
	Designated Beneficiary	1-4
	Disability	1-4
	Disability Contract	1-4
	Disability Contract Termination Date (ADEA I)	1-4
	Disabled Participant	1-4
	Early Retirement Pension	1-5
	Earnings	1-5
	Effective Date	1-5
	Eligible Employee	1-5
	Eligible Retirement Plan	1-9
	Eligible Rollover Distribution	1-9
	Employee	1-9
	Employer	1-9
	Employer Matching Account	1-9
	Final Average Earnings	1-9
	Former Participant	1-9
	Full-Time Employee	1-10
	Fund	1-10
	Funding Rate	1-10

Governmental Entity	1-10
IRC	1-10
Insured Disabled Participant	1-10
Insuror	1-10
Interruption of Service	1-10
Involuntary Transfer City-to-County Employee	1-10
Involuntary Transfer County-to-City Employee	1-11
Life Annuity Equivalent	1-11
Limitation Year	1-11
Maximum Permissible Amount	1-11
Maximum Permissible Cash Distribution	1-11
Month	1-11
Named Beneficiary	1-11
Normal Retirement Date	1-11
Normal Retirement Pension	1-12
Optional Pension	1-12
Participant	1-12
Participant Contributions Account	1-12
Part-Time Employee	1-12
Pension	1-12
Pensioned Participant	1-13
Permanent Survivor Pension	1-13
Plan A	1-13
Plan B	1-13
Plan	1-13
Plan Year	1-13
Present Value of Accrued Benefit	1-13
Prior Service Certificate	1-13
Projected Annual Benefit	1-13
Public Safety Employee	1-13
Public Safety Pension	1-13
Qualified Military Service	1-13
Required Beginning Date	1-14
Required Contribution	1-14
Retirement Pension	1-14
Retirement System	1-14
Service	1-14
Spouse	1-14
State	1-14
Survivor Pension	1-14
System	1-14
Temporary Employee	1-14
Temporary Survivor Pension	1-14
Termination	1-14
Total Credited Service	1-15
Transfer Participant	1-15
Transition Period	1-15
Trust	1-15

Trust Agreement	1-15
Trust Fund	1-15
Year of Participation	1-15
ARTICLE 2 PARTICIPATION	2-1
2.1 <u>Conditions of Participation and</u>	
<u>Employment</u>	2-1
2.1.1 <u>Agreement to Furnish Information;</u>	
<u>Waiver of Confidentiality</u>	2-1
2.2 <u>Initial Participation</u>	2-1
2.3 <u>Enrollment Procedures</u>	2-1
2.3.1 <u>In General</u>	2-1
2.3.2 <u>Involuntary Transfer City-to-County</u>	
<u>Employees</u>	2-1
2.4 <u>Continued Participation</u>	2-2
ARTICLE 3 CREDITED SERVICE	3-1
3.1 <u>Credited Service</u>	3-1
3.1.1 <u>Plan A and B Service</u>	3-1
3.1.2 <u>Unused Accumulated Sick Leave; Accrued</u>	
<u>Vacation; Bonus Days</u>	3-1
3.1.3 <u>Extensive Unpaid Absences</u>	3-1
3.1.4 <u>Exclusion of Service While Not an</u>	
<u>Eligible Employee</u>	3-1
3.1.5 <u>Positions Without Hourly Standards</u>	3-1
3.2 <u>Interruption of Service</u>	3-2
3.3 <u>Reemployed Participants</u>	3-2
3.4 <u>Part-Time Employees</u>	3-3
3.5 <u>Commissioners</u>	3-3
3.6 <u>Involuntary Transfer City-to-County</u>	
<u>Employees</u>	3-3
ARTICLE 4 OPTIONAL CASH DISTRIBUTIONS, RETIREMENT PENSIONS,	
AND OTHER RETIREMENT BENEFITS	4-1
4.1 <u>Optional Cash Distributions</u>	4-1
4.2 <u>Normal Retirement Pensions</u>	4-1
4.2.1 <u>Normal Retirement Pension Following</u>	
<u>Disability Contract Termination</u>	
<u>Date (ADEA I)</u>	4-1
4.3 <u>Early Retirement Pension</u>	4-2
4.3.1 <u>Required Years of Credited Service</u>	4-2
4.4 <u>Deferred Vested Retirement Pension-</u>	
<u>Table DVRP</u>	4-3
4.5 <u>Benefit Calculations for Involuntary</u>	
<u>Transfer Employees</u>	4-3
4.5.1 <u>Involuntary Transfer City-to-County</u>	
<u>Employees</u>	4-3
4.5.2 <u>Involuntary Transfer County-to-City</u>	

	<u>Employees</u>	4-4
4.6	<u>Lump Sum Payments</u>	4-4
4.6.1	<u>Mandatory Cash-Outs</u>	4-4
4.6.2	<u>Time for Payment</u>	4-4
4.6.3	<u>Calculation of Benefit</u>	4-5
4.7	<u>Optional Pensions</u>	4-5
4.7.1	<u>Election and Revocation of Election</u>	4-5
4.7.2	<u>Actuarial Equivalence</u>	4-5
4.7.3	<u>Forms of Optional Pensions</u>	4-5
4.7.3.1	<u>Option A - Joint and Survivor Annuity</u>	4-5
4.7.3.2	<u>Option B - Life Only with a 10-Year</u> <u>Certain Payment</u>	4-6
4.7.3.3	<u>Option C - Life Only Annuity</u>	4-6
4.7.3.4	<u>Option D - Special Form Option</u>	4-6
4.8	<u>Transition Period Pensions</u>	4-6
4.9	<u>Repayment of Distributions with Interest</u> <u>upon Reemployment</u>	4-7
4.10	<u>Minimum Distribution Rules under IRC</u> <u>401(a)(9)</u>	4-7
4.10.1	<u>Required Beginning Date</u>	4-7
4.10.2	<u>Duration of Benefits</u>	4-7
4.10.3	<u>Payments after Death of Participant</u>	4-8
4.10.3.1	<u>Payments Begun Before Death</u>	4-8
4.10.3.2	<u>Payments Not Begun Before Death</u>	4-8
4.11	<u>Ineligibility for Benefits While Actively</u> <u>Employed</u>	4-9
4.11.1	<u>Suspension of Retirement Pension</u>	4-9
4.11.2	<u>Exception for Certain Temporary Employees</u>	4-9
ARTICLE 5	<u>DISABILITY PENSIONS</u>	5-1
5.1	<u>No Disability Pensions Payable under</u> <u>This Plan</u>	5-1
5.2	<u>Ordinary Disability Pension for</u> <u>Involuntary Transfer County-to-City</u> <u>Employee</u>	5-1
5.3	<u>Line of Duty Disability of Involuntary</u> <u>Transfer County to-City Employee</u>	5-1
ARTICLE 6	<u>SURVIVOR PENSIONS</u>	6-1
6.1	<u>Death of Active Vested Participant;</u> <u>Line of Duty Death; Death of Disabled</u> <u>Participant</u>	6-1
6.1.1	<u>Dependent Children</u>	6-1
6.1.2	<u>Surviving Spouse</u>	6-1
6.1.2.1	<u>Participant with Less Than 15 Years of</u> <u>Credited Service</u>	6-1
6.1.2.2	<u>Participant with Fifteen or More Years of</u> <u>Credited Service</u>	6-1

6.1.3	<u>Named Beneficiary Other Than Surviving Spouse</u>	6-2
6.2	<u>Survivor Benefits upon Death of a Participant After Termination If Not Previously Receiving Disability Pension</u> ..	6-2
6.2.1	<u>Death While Receiving a Retirement Pension</u>	6-2
6.2.1.1	<u>Spousal Survivor Pension</u>	6-2
6.2.1.2	<u>Optional Pension</u>	6-2
6.2.1.3	<u>Pension Based on Life Annuity Equivalent of Participant's Alternate Benefit Accrual Account</u>	6-3
6.2.2	<u>Death Before Receipt of Retirement Pension</u>	6-3
6.3	<u>Reserved]</u>	6-3
6.4	<u>[Reserved]</u>	6-3
6.5	<u>[Reserved]</u>	6-3
6.6	<u>Spousal Survivor Pension Option</u>	6-3
6.7	<u>Payments to or for the Benefit of Dependent Children</u>	6-3
6.8	<u>Time for Payment of Survivor Pensions</u>	6-4
ARTICLE 7	<u>MISCELLANEOUS BENEFIT PROVISIONS</u>	7-1
7.1	<u>Application for Benefits</u>	7-1
7.1.1	<u>Participant's Certification of Marital Status</u>	7-1
7.1.2	<u>Spouse's Proof of Marital Status</u>	7-1
7.1.3	<u>Birth Certificates</u>	7-1
7.2	<u>Proration of Pensions for Partial Months</u> .	7-2
7.3	<u>Pension Formulas; Benefit Tables; Interpolations</u>	7-2
7.4	<u>Reserved</u>	7-2
7.5	<u>Cost-of-Living Adjustments</u>	7-2
7.5.1	<u>Application to Certain Pensions</u>	7-2
7.5.2	<u>Amount of COLAs</u>	7-2
7.5.2.1	<u>In General</u>	7-2
7.5.2.2	<u>Further Limitations</u>	7-3
7.6	<u>Direct Transfer of Eligible Rollover Distribution</u>	7-3
7.7	<u>Limitation on Benefits in Compliance with IRC 415</u>	7-3
7.7.1	<u>Annual Benefit Not to Exceed Maximum Permissible Amount; Cut-Backs</u>	7-3
7.7.2	<u>Participation in More Than One Plan</u>	7-3
7.7.3	<u>Grandfathered Limitations</u>	7-4
7.7.4	<u>415 Definitions</u>	7-4
	<u>Annual Benefit</u>	7-4
	<u>Compensation</u>	7-4

	Defined Benefit Dollar Limitation	7-4
	Limitation Year	7-5
	Maximum Permissible Amount	7-5
	Year of Participation	7-6
7.8	<u>Named Beneficiaries</u>	7-6
7.8.1	<u>Designation</u>	7-6
7.8.2	<u>Spousal Rights</u>	7-7
7.8.3	<u>Default Named Beneficiaries</u>	7-7
ARTICLE 8	FUNDING OF PLAN; PARTICIPANT ACCOUNTS	8-1
8.1	<u>Contributions Made to Trust Fund</u>	8-1
8.2	<u>Employer Contributions</u>	8-1
8.3	<u>Participant Contributions</u>	8-1
8.3.1	<u>In General</u>	8-1
8.3.2	<u>Required Contributions</u>	8-1
8.3.2.1	<u>Amount</u>	8-1
8.3.2.2	<u>"Pick-Up"</u>	8-1
8.3.3	<u>"Make-Up" Contributions Relating to</u> <u>Qualified Military Service</u>	8-1
8.4	<u>Alternate Benefit Accrual Accounts</u>	8-2
8.4.1	<u>Participant Contributions Accounts</u>	8-2
8.4.1.1	<u>Accounts of Plan C Participants</u>	8-2
8.4.1.2	<u>Accounts of Former Plan B Participants</u> ...	8-2
8.4.1.3	<u>Accounts of Former Public Safety</u> <u>Employees</u>	8-2
8.4.1.4	<u>Non-Pension Distributions</u>	8-3
8.4.1.5	<u>Repayments of Distributions</u>	8-3
8.4.2	<u>Employer Matching Accounts</u>	8-3
8.4.2.1	<u>Interest Accretion</u>	8-3
8.4.2.2	<u>Vesting/Forfeiture of Employer Matching</u> <u>Account</u>	8-3
8.4.2.3	<u>Non-Pension Distributions</u>	8-3
8.4.2.4	<u>Repayments of Distributions</u>	8-3
ARTICLE 9	AMENDMENT AND TERMINATION	9-1
9.1	<u>Amendment of Plan</u>	9-1
9.1.1	<u>No Reduction of Accrued Benefits;</u> <u>No Contract</u>	9-1
9.1.2	<u>Amendment Procedure; Recommendation of</u> <u>the Board</u>	9-1
9.1.3	<u>Actuarial Impact Letter</u>	9-1
9.1.4	<u>Adoption by the County Commission</u>	9-1
9.1.5	<u>Maintenance of Fully Integrated Plan</u> <u>Document</u>	9-1
9.2	<u>Termination of Plan</u>	9-2
9.2.1	<u>Closing of Participation</u>	9-2
9.2.2	<u>Termination of Plan</u>	9-2

ARTICLE 10	GENERAL PROVISIONS	10-1
10.1	<u>Administration of the Plan</u>	10-1
10.2	<u>Headings</u>	10-1
10.3	<u>Gender and Number</u>	10-1
10.4	<u>Legal Incompetence</u>	10-1
10.5	<u>Benefits Exempt from Taxation, Execution</u> <u>or Assignment</u>	10-1
10.6	<u>Intent to Constitute a Qualified Plan</u> ...	10-2
ARTICLE 11	OVERSIGHT PROVISIONS	11-1
SCHEDULE 1	FUNDING RATE; ACTUARIAL ASSUMPTIONS FOR CALCULATION OF OPTIONAL PENSIONS AND PRESENT VALUES OF ACCRUED BENEFITS	11-2

APPENDICES

Table ERP

Table DVRP

ARTICLE 1
DEFINITIONS

As used in this Plan, the following words and phrases shall have the respective meanings set forth below, unless otherwise clearly required by the context. Other definitions not defined in this Article may appear in the Plan.

"Accrued Benefit" means the Pension to which a Participant would be entitled upon his attaining age 65, calculated in accordance with 4.1, based on his Final Average Earnings and Credited Service, each determined as of the date of amendment of the Plan, as of the date of Termination or as of any other relevant date. The calculation of a Participant's "Accrued Benefit" shall not take into consideration (a) any future COLAs or (b) any Survivor Pension under Article 6 or any Optional Pension under section 4.5 other than a 100% joint and survivor annuity where the Participant's Named Beneficiary is his Spouse.

"Present Value of Accrued Benefit," as of any relevant date, is the single sum Actuarial Equivalent of a Participant's Accrued Benefit.

"Active Participant" See "Participant."

"Actuarially Equivalent" or "Actuarial Equivalence" means a benefit or an amount having the same actuarial value as another stated benefit or amount, as determined by the Actuary pursuant to the mortality tables and interest rates set forth on Schedule 1. In each case, the calculation shall not take into consideration (a) any future COLAs or (b) except in calculating a 100% joint and survivor annuity where the Participant's Named Beneficiary is his Spouse, any Survivor Pension under Article 6 or any Optional Pension under section 4.5.

"Actuary" means a qualified actuary selected by the Board of Administration who is a member of the American Academy of Actuaries or who is enrolled by the Joint Board for Enrollment of Actuaries and who performs the annual actuarial valuations and other computations required under the System.

"Alternate Benefit Accrual Account" means the combination of bookkeeping accounts maintained for each Participant and composed of (1) his Participant Contributions Account and (2) his Employer Matching Account.

"Annual Benefit" See 7.7.4, "415 Definitions."

"Averaging Period" shall mean a Participant's period of total Credited Service, not in excess of thirty six (36) consecutive calendar months, over which his Final Average Earnings is as high as possible.

"Beneficiary" means each person who becomes entitled to benefits as a result of the Participant's death and shall include, to the extent applicable, his Dependent Children, his Spouse, and his Named Beneficiary.

"Named Beneficiary" is defined in 7.8.

"Designated Beneficiary" shall mean the individual who is designated as a beneficiary under the Plan in accordance with IRC 401(a)(9) and the Treasury Regulations thereunder.

"Board" means the Board of Administration and Trust of the Shelby County Retirement System, as more fully set forth in that separate County resolution titled "Administration and Trust Agreement of the Shelby County, Tennessee, Retirement System."

"Certificate" or "Prior Service Certificate" shall mean a document setting forth the Credited Service earned by a Participant while a participant of Plan A and/or Plan B.

"City" means the City of Memphis, Tennessee.

"City Plan" means the 1978 Plan under the City of Memphis Retirement System under City Ordinance Chapter 25, Articles I through VII other than Article VII, Division 1.

"City Transfer Service" shall mean creditable service, to the date of transfer from the City, determined in accordance with the terms of the City Plan as applicable to such Employee immediately prior to the date of transfer; provided, however, that in computing such service, no credit shall be given for periods of time for which the Employee either received a refund of contributions or for other periods of time not counted as creditable service in accordance with the terms of the City Plan.

"COLA" means cost of living adjustment based in part upon the Consumer Price Index; the COLA applies to annual adjustments in the amounts of certain Pensions.

"Commission" or "County Commission" means the Shelby County, Tennessee, Board of Commissioners.

"Commissioner" means a member of the Shelby County Board of Commissioners.

"Consumer Price Index" shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers as measured by the United States City Average for all items, published by the Bureau of Labor Statistics, and adjusted as may be necessary by the Actuary for any change in the index or its base.

"County" means Shelby County, Tennessee.

"County Transfer Service" means all Credited Service of a County Employee prior to the date of his transfer from County to City employment, determined as if such County Employee were then eligible for a Deferred Vested Retirement Pension (whether or not his years of Credited Service were then sufficient) or an Early Retirement Pension.

"Credited Service" is defined in 3.1.

"Total Credited Service" shall mean (a) the combination of an Involuntary Transfer City-to-County Employee's City Transfer Service and Credited Service earned while a Participant in this Plan (and in Plan A and/or Plan B, if such Participant was a participant in either or both such plans who ultimately transferred to this Plan) and (b) the combination of an Involuntary Transfer County-to-City Employee's County Transfer Service and years of service earned while a Participant in the City Plan.

"Day" shall mean a twenty-four hour day commencing at midnight and ending at 11:59 p.m.

"Deferred Vested Retirement Pension" See "Pension."

"Defined Benefit Dollar Limitation" See "415 Definitions."

"Defined Benefit Fraction" See 7.7.4, "415 Definitions."

"Defined Contribution Fraction" See 7.7.4, "415 Definitions."

"Dependent Child" means a legal child of a Participant or of his Spouse, whether adopted or natural and whether born in or out of a lawful marriage, who at the relevant time was or is dependent upon the Participant or upon the Participant and his Spouse for at least 50% of the child's needed support and maintenance and either (a) is unmarried and has not attained the age of 19; (b) has attained the age of 19 but has not attained the age of 23 and is a full-time student at a school or university accredited

according to standards approved by the Board, or (c) is over age 19, is unmarried, and is permanently and severely handicapped as determined by the Board. A Dependent Child shall include a legal child of the Participant who is born within 9 ½ months after the Participant's death, and such child shall be presumed to have been dependent upon the Participant for at least 50% of his needed support and maintenance until he loses his status as a Dependent Child pursuant to the preceding provisions. The "relevant time" shall be each consecutive day after a Participant's death upon which a Survivor Pension may be paid as a result of his death. Once a child of a Participant or of his Spouse has lost his status as a Dependent Child for any reason, such child may never again become a Dependent Child.

"Designated Beneficiary" See "Beneficiary."

"Disability" means the definition contained in the Disability Contract.

"Disability Contract" means the long-term disability insurance contract maintained by the County with the Insuror covering certain classes and categories of County employees.

"Disability Contract Termination Date (ADEA I)" is determined as follows:

<u>Participant's Age at Time of Disability</u>	<u>Benefit Duration</u>
Under age 60	To age 65, but not less than 60 months
60	60 months
61	48 months
62	42 months
63	36 months
64	30 months
65	24 months
66	21 months
67	18 months
68	15 months
69	12 months

"Disabled Participant" means a Participant who is under a Disability incurred while an Active Employee and who is an Insured Disabled Participant.

"Insured Disabled Participant" means a Participant whom the Insuror determines to have incurred Disability and shall include both (a) Participants receiving payments under the Disability Contract and (b) Participants who have not yet begun to receive benefits under the Disability Contract solely because the elimination period under the Disability Contract has not elapsed, so long as the Participant ultimately receives benefits under the Disability Contract or sooner dies. An Insured Disabled Participant shall remain a Disabled Participant so long as he is entitled to receive payments under the Disability Contract.

"Early Retirement Pension" See "Pension."

"Earnings" paid to the Participant by the Employer for the relevant period means compensation within the meaning of IRC 3401(a) (for purposes of income tax withholding at the source), as reportable in Box 1 of the Participant's W-2 form, including (i) base salary, (ii) shift differentials, (iii) hazardous duty pay, and (iv) longevity pay: (a) increased by compensation contributed or deferred by the Employer at the election of the Participant and not includable in Box 1 of the Participant's W-2 by reason of IRC 125 (cafeteria plans), IRC 402(g)(3) (deferrals under IRC 401(k) and 403(b) plans), or IRC 457 (non-qualified deferred compensation plans of state and local governments and tax-exempt organizations); and (b) decreased by (i) overtime earnings, (ii) payment for accumulated unused sick days, and (iii) all other extraordinary compensation not included in the salary scale of the Participant's position and not otherwise stated to be included in the term "Earnings." Notwithstanding the foregoing, if the Participant is otherwise eligible under the terms of the Plan, then for purposes of determining a Participant's Accrued Benefit and his Final Average Earnings, the "Earnings" of a Participant during Qualified Military Service shall be (x) the Earnings the Participant would otherwise have received during the period of Qualified Military Service, determined based on the rate of compensation the Participant would have received from the Employer but for absence during the period of Qualified Military Service or (y) if the compensation the Participant would have received during such period was not reasonably certain, the Participant's average Earnings during the 12-month period immediately preceding the Qualified Military Service (or, if shorter, the period of employment immediately preceding the Qualified Military Service).

"Effective Date" means September 1, 2005.

"Eligible Employee" means each of the following persons (1) whose date of employment with an Employer is on or after March 1, 2005 and who is not an Involuntary Transfer City-to-County Employee whose date of employment with the City was before March 1, 2005 or (2) who, before the Effective Date, was a participant in Plan A and who elects pursuant to the election procedures established by the Board to become a Participant in Plan C as of the Effective Date or who is required to transfer to Plan C pursuant to 2.1, or (3) who is an Involuntary Transfer City-to-County Employee whose date of employment with the City was on or after December 1, 1978 and before March 1, 2005, whose date of employment with the County is on or after March 1, 2005, and who elects pursuant to the election procedures established by the Board to become a Participant in Plan C (rather than Plan A) as of the later of his date of employment with the County or the Effective Date; or (4) who is an Involuntary Transfer City-to-County Employee whose date of employment with the City was on or after March 1, 2005 and whose date of employment with the County is on or after March 1, 2005:

(a) Each County Employee,

specifically including:

- * Each person elected to County office by a popular vote of the citizens of the County (and each person appointed in an interim appointment to any of such offices), except for each such person who has the right under Tennessee Code Annotated Section 8-35-116 to participate in the Tennessee Consolidated Retirement System and who so elects.
- * Each person appointed to County office or position by the County Commission, the County Mayor, or any other elected official of the County and whose services are performed under the administrative control of the County.
- * Each person employed under any public program, agency, board, commission, or entity by any other name consisting of, established by, and/or maintained by any Governmental Entity, and in which the County jointly participates or is a part, whether or not such person is paid by the County directly or indirectly or not at all, and whether or not the County has some or all administrative control, if and only if the County is specifically obligated under a contract with

such Governmental Entity or by State and/or County legislation to provide such person participation in the Plan, subject to limitations or restrictions as to such participation in such contract or legislation. Such persons include (a) those certain individuals whose services are performed for the State District Attorney General for Shelby County but whose compensation and benefits are fully paid or partially subsidized by the County pursuant to State and County legislation; and (b) those certain individuals whose services are performed at the State Agricultural Extension office but whose compensation and benefits are fully paid or partially subsidized by the County pursuant to State and County legislation.

- * The Chairman of the Shelby County Jury Commission.
- * Each person employed under any public program, agency, board, commission, or entity by any other name consisting of, established by, and/or maintained by any Governmental Entity, and in which the County jointly participates or is a part, whether or not such person is paid by the County directly or indirectly or not at all, and whether or not the County has some or all administrative control, if and only if the County is specifically obligated under a contract which such Governmental Entity or by State and/or County legislation to provide such person participation in the Plan, subject to limitations or restrictions as to such participation in such contract or legislation to provide such person participation in the Plan, subject to limitations or restrictions as to such participation in such contract or legislation. Such persons include (a) those certain individuals whose services are performed for the State District Attorney General for Shelby County but whose compensation and benefits are fully paid or partially subsidized by the County pursuant to State and County legislation; and (b)

those certain individuals whose services are performed at the State Agricultural Extension office but whose compensation and benefits are fully paid or, prior to January 1, 2004, partially subsidized by the County pursuant to State and County legislation.

but specifically excluding:

- * Any person employed by or paid by the Board of Education of Shelby County.
- * Any person employed under any public program, agency, board, commission, or entity by any other name consisting of, established by, and/or maintained by any Governmental Entity, and in which the County jointly participates or is a part, whether or not such person is paid by the County directly or indirectly or not at all, and whether or not the County has some or all administrative control but only if the County is not specifically obligated under a contract with such Governmental Entity or by State and/or County legislation to provide such person participation in the Plan, subject to limitations or restrictions as to such participation in such contract or legislation.
- * Each person who has (or had) a right to elect, and has so elected, pursuant to the contractual terms of employment or otherwise, to participate in the Social Security OASDI program in lieu of participation in the Plan.
- * Each person who would otherwise meet the definition of an Eligible Employee but who is identified and classified for payroll purposes as a "Temporary Employee" and is, therefore, covered by the Social Security OASDI program.

(b) The Employees of each other Employer to the extent set forth in any State and/or County legislation or in any written contract to which the County and such other Employer are parties. Such persons include, but shall not necessarily be limited to, certain former County employees who became employees

of the Shelby County Health Care Corporation in 1985 pursuant to County legislation.

(c) Employees of the Shelby County Governmental Library Commission (also known as the "Law Library Commission") whose compensation is paid through the County's payroll system.

(d) Employees of Projects, Inc., an IRC 501(c)(3) organization controlled by the Memphis and Shelby County Film and Television Commission, whether or not the compensation of such persons is paid through the County's payroll system.

"Eligible Retirement Plan" means an individual retirement account as described in IRC 408(a), an individual retirement annuity as described in IRC 408(b)(other than an endowment contract), an annuity plan as described in IRC 403(a), another qualified plan/trust described in IRC 401(a) which is exempt from tax under IRC 501(a) and which accepts rollover distributions, an eligible deferred compensation plan described in IRC 457(b) which is maintained by an eligible employer described in IRC 457(e)(1)(A), and an annuity contract described in IRC 403(b).

"Eligible Rollover Distribution" means any distribution other than a distribution of substantially equal periodic payments over the life or life expectancy of the Participant (or joint life or joint life expectancies of the Participant and his beneficiary) or a distribution over a period certain of 10 years or more. Amounts required to be distributed under IRC 401(a)(9) are not Eligible Rollover Distributions. Furthermore, amounts included in a distribution that would not be includible in gross income for federal income tax purposes if not subject to the direct transfer option are not, to that extent, Eligible Rollover Distributions.

"Employee" means (a) any person who performs services for the County, is paid for such services by the County, and receives from the County on an annual basis a federal form W-2, (b) any person who performs services for another Employer that is a Governmental Entity, is paid in whole or in part by the County, and receives from the County on an annual basis a federal form W-2; and (c) any person who performs services for another Employer which is a Governmental Entity, is paid in whole or in part by such other Employer, and receives from such other Employer on an annual basis a federal form W-2.

"Employer" means (a) the County and, (b) where applicable, any other Governmental Entity whose employees are identified in the definition of "Eligible Employee" as permitted to participate in the Plan.

"Employer Matching Account" means that separate bookkeeping account maintained for each Participant pursuant to and more particularly described in 8.4.

"Final Average Earnings" means, for a Participant who has at least 36 months of Credited Service in his Averaging Period, a monthly amount equal to the total Earnings in his Averaging Period divided by 36. For a Participant who has fewer than 36 months of Credited Service in his Averaging Period, Final Average Earnings means the Employee's total Earnings in his Averaging Period divided by the number of Months of Credited Service in his Averaging Period.

"Former Participant" See "Participant."

"Full-Time Employee" means any County Employee who is identified and classified for payroll purposes as a "Full-Time Employee."

"Fund" or "Trust Fund" shall mean the assets maintained under the System, in accordance with the Trust Agreement of the Shelby County, Tennessee Retirement System.

"Funding Rate" means the interest rate used by the Actuary to calculate the County's contribution requirement to the Plan for a Plan Year, which interest rate includes consideration of the expected asset return of the Trust Fund and the discounting of future benefit payments. The Funding Rate shall be set forth on Schedule 1.

"Governmental Entity" means the County, the United States of America, the State of Tennessee, the City of Memphis, and/or any agency or instrumentality of any of the foregoing.

"IRC" means the Internal Revenue Code of 1986, as amended.

"Insured Disabled Participant" See "Disabled Participant."

"Insuror" means the licensed insurance company that has issued the Disability Contract and that administers the same.

"Interruption of Service" is defined in 3.2.

"Involuntary Transfer City-to-County Employee" means a Participant in this Plan who was last a participant or member of the City Plan prior to becoming an Employee of the County and who has become an Employee of the County as a direct result of one or more of the following events:

- (a) the legal consolidation of any agency, board, commission, or other entity, regardless of its name, which was being administered by the City in whole or in part prior to such administration being assumed by the County;
- (b) the cessation of operation or function by any agency, board, commission, or other entity, regardless of its name, which was being administered by the City in whole or in part prior to such cessation;
- (c) the direct transfer of the Employee to the County for the convenience of County government, provided such transfer receives the approval of the Board and the Board of Shelby County Commissioners.

"Involuntary Transfer County-to-City Employee" shall mean a person who was a Participant in this Plan prior to becoming an employee of the City and who became an employee of the City as a direct result of one, or any combination, of the following events:

- (a) the legal consolidation of any agency, board, commission, or other entity, regardless of its name, which was being administered by the County in whole or in part prior to such administration being assumed by the City;
- (b) the cessation of operation or function by any agency, board, commission, or other entity, regardless of its name, which was being administered by the County in part or in whole prior to such cessation;
- (c) the direct transfer of the employee to the City for the convenience of City government, provided such transfer receives the approval of the Board and the Board of Shelby County Commissioners.

"Life Annuity Equivalent" means a monthly payment derived by converting the Participant's Optional Cash Distribution into an Actuarially Equivalent Accrued Benefit.

"Limitation Year" See 7.7.4, "415 Definitions."

"Maximum Permissible Amount" See 7.7.4, "415 Definitions."

"Maximum Permissible Cash Distribution" means \$50,000, increased at the beginning of each calendar year by an amount equal to \$50,000 multiplied by a fraction, the numerator of which is the CPI-U for the preceding September 30 and the denominator of which is the CPI-U for the September 30 immediately following the Effective Date; provided, however, that if the amount of such increase is not a multiple of \$5,000, such amount shall be rounded to the next lowest multiple of \$5,000.

"Month" shall mean, for purposes of computing benefits, a thirty (30) day period.

"Named Beneficiary" See definition of "Beneficiary."

"Normal Retirement Date" means the earlier of the date upon which the Participant completes 25 years of Credited Service or the date upon which he attains age 65, having then completed at least seven and one-half (7 ½) years of Credited Service.

"Normal Retirement Pension" means a Pension payable to a Participant whose Termination occurs on or after his Normal Retirement Date.

"Optional Pension" means a form of pension selected by the Participant under 4.5 in lieu of a Retirement Pension and Permanent Survivor Pension.

"Participant" unless the context clearly indicates otherwise, means an individual who is or was an Eligible Employee, who has met all the requirements for participating in the Plan, and who is either an Active Participant, a Pensioned Participant, or a Terminated Participant.

"Active Participant" is a Participant who is actively employed by and performing Service for his Employer at the relevant time.

"Former Participant" is a Terminated Employee who at the time of his Termination (a) was an Active Participant, (b) is not entitled to a Deferred Vested Retirement Pension, and (c) has the right to add to his Credited Service if he becomes reemployed as an Eligible Employee pursuant to 3.3.

"Pensioned Participant" is a Terminated Participant who is actually receiving a Pension from the Plan.

"Terminated Participant" is a Terminated Employee who is entitled to receive a Deferred Vested Retirement Pension but who has not yet begun to receive a Pension.

"Participant Contributions Account" means that separate bookkeeping account maintained for each Participant pursuant to and more particularly described in 8.4.

"Part-Time Employee" means any County Employee who is identified and classified for payroll purposes as a "Part-Time Employee."

"Pension" means a benefit payment to which a Participant or a Beneficiary is entitled under the Plan.

"Deferred Vested Retirement Pension" means a Pension earned by a Terminated Participant who was under the age of 55 at the time of his Termination but who had completed at least seven and one-half (7 ½) years of Credited Service prior to his Termination.

"Early Retirement Pension" means a Pension payable to a Participant when Termination occurs on or after age 55 but before age 65, and after the Participant has earned at least seven and one-half (7 ½) years of Credited Service.

"Normal Retirement Pension" means a Pension payable to a Participant whose Termination occurs on or after his Normal Retirement Date.

"Survivor Pension" means a Pension to which a Participant's Survivors are entitled as a result of the Participant's death. A Survivor Pension may be a Temporary Survivor Pension, payable to a Participant's Dependent Child(ren) and/or his Spouse for a limited period of time, or it may be a Permanent Survivor Pension, payable to the Participant's surviving Spouse for life.

"Pensioned Participant" See "Participant."

"Permanent Survivor Pension" See "Survivor Pension."

"Plan A" means the Shelby County Retirement System Plan A, originally effective December 1, 1978, and shall include all restatements and amendments thereto.

"Plan B" means the Shelby County Retirement System Plan B, originally effective September 1, 1949, and which was closed to new County Employees engaged on and after December 1, 1978.

"Plan" or "Plan C" means the Shelby County Retirement System Plan C, effective September 1, 2005, and shall include all restatements and amendments thereto.

"Plan Year" means the fiscal year ending on June 30.

"Present Value of Accrued Benefit" See "Accrued Benefit."

"Prior Service Certificate" See "Certificate."

"Projected Annual Benefit" See 7.7.4, "415 Definitions."

"Public Safety Employee" means an Employee defined as such in Plan A prior to the Effective Date.

"Public Safety Pension" means a Normal Retirement Pension to which a Public Safety Employee is entitled under Plan A.

"Qualified Military Service" means any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) by any individual is such individual is entitled to reemployment rights under such chapter with respect to such service.

"Required Beginning Date" means the later of April 1 following the calendar year in which the Participant attains age 70 ½, or April 1 following the calendar year in which the Employee Terminates.

"Required Contribution" means 6% of a Participant's Earnings, which percentage may be changed from time to time by duly adopted amendment to the Plan.

"Retirement Pension" means Normal Retirement Pension, Early Retirement Pension, and/or Deferred Vested Retirement Pension, and does not include Survivor Pension.

"Retirement System" See "System."

"Service" shall mean the number of years and months in any period of time during which a person is an Employee and performs services as such for his Employer.

"Spouse" means the person who has been legally married (as determined under the laws of the State) to the Participant for at least three (3) consecutive years at the relevant time. The "relevant time" is (a) the day prior to the first date upon which the Participant is entitled to receive an immediately payable

Pension after his having made an election to receive a Pension or (b) in the case of a Participant who dies prior to the date upon which he is entitled to so receive an immediately payable Pension, the date of his death.

"State" means the State of Tennessee.

"Survivor Pension" See "Pension."

"System" or "Retirement System" means the "Retirement System of Shelby County, Tennessee," including all constituent plans.

"Temporary Employee" shall mean any County Employee who is identified and classified for payroll purposes as a "temporary employee."

"Temporary Survivor Pension" See "Survivor Pension."

"Termination" or "Termination of Employment" means termination of employment as an Employee of the Employer for any reason, including death.

"Terminate," "Terminated," and other capitalized terms derived from the same root word shall be interpreted consistently.

"Total Credited Service" See "Credited Service."

"Transfer Participant" means a Plan A participant who elects to become a Participant in this Plan as of the Effective Date or, pursuant to the provisions of Article 2, is required to become a Participant in this Plan.

"Transition Period" means the period beginning on the Effective Date and ending on the day prior to a Transfer Participant's completion of 60 months of Credited Service under this Plan; provided that each month of Credited Service earned by such Transfer Participant as a Public Safety Employee under Plan A and for which Employee Contributions were made pursuant to the provisions of Plan A shall be treated as a month of Credited Service under this Plan for purposes of calculating the Transfer Participant's Transition Period.

"Trust" means the trust established under the Trust Agreement.

"Trust Agreement" means the "Administration and Trust Agreement of Shelby County, Tennessee, Retirement System."

"Trust Fund" See definition of "Fund."

"Year of Participation" See 7.7.4, "415 Definitions."

ARTICLE 2 PARTICIPATION

2.1 Conditions of Participation and Employment.

Participation in the Plan is a condition of employment for each Eligible Employee whose date of employment with an Employer is on or after the Effective Date. Furthermore, transfer from participation in Plan A to this Plan shall be automatic for each Eligible Employee whose date of employment with an Employer (or, in the case of an Involuntary Transfer City-to-County Employee, with the City) is on or after March 1, 2005 but before the Effective Date.

2.1.1 Agreement to Furnish Information; Waiver of Confidentiality. Each Eligible Employee agrees, upon request of the Board, to furnish facts and information about his pension benefits from Social Security or any other tax-supported entity as well as any other information regarding his earnings. As both a condition of participation and a condition of employment, each Participant waives all rights to confidential records required by the Board for administration of the Plan. The types of records which may be required include, but are not limited to, records maintained by physicians, the Social Security Administration, and the Internal Revenue Service. The Board will respect the confidential nature of all information not subject to Sunshine laws.

2.2 Initial Participation. Each Eligible Employee shall become a Participant on the date of his employment (or reemployment) with his Employer, in the case of each Eligible Employee whose date of employment is on or after the Effective Date. Each Transfer Participant shall become a Participant on the Effective Date.

2.3 Enrollment Procedures.

2.3.1 In General. Each Eligible Employee, including Transfer Participants, must submit a completed form called "Application for Participation - Shelby County Retirement System - Plan C" which shall be supplied by the Board; provided, however, that the Board's delegate may complete such form for Transfer Participants automatically transferred to Plan C pursuant to 2.1. Upon receipt of an Eligible Employee's Application for Participation, he shall be furnished a document called "Summary of Plan C" as well as a copy of his Application for Participation.

2.3.2 Involuntary Transfer City-to-County Employees. Each Involuntary Transfer City-to-County Employee whose date of

employment with the City is on or after December 1, 1978 and is before March 1, 2005 and whose date of employment with the County is on or after the Effective Date, shall elect to participate either in this Plan or in Plan A. Each Involuntary Transfer City-to-County Employee whose date of employment with the City is on or after March 1, 2005 and whose date of employment with the County is on or after the Effective Date shall participate in this Plan. Each Involuntary Transfer City-to-County Employee shall present to the Board a City Transfer Service Certificate containing a statement of his City Transfer Service. The Board has authority to review and accept City Transfer Service Certificates, except that additional approval by the Commission is required for Involuntary Transfer City-to-County Employees who transfer for the convenience of Shelby County Government.

2.4 Continued Participation. A Participant will continue to be a Participant so long as he is either an Eligible Employee who is an Active Participant, is eligible to receive a Pension under the Plan, or is actually receiving a Pension under the Plan.

ARTICLE 3
CREDITED SERVICE

3.1 Credited Service. Except as otherwise set forth herein, "Credited Service" means the number of years, Months, and Days of Service, without an Interruption of Service, for which an Active Participant is paid by his Employer. "Credited Service" further includes the number of years, Months, and Days during which a Participant is a Disabled Participant and is not drawing a Retirement Pension. "Credited Service" additionally includes the number of years, Months, and Days during which a Participant performed Qualified Military Service (provided the Participant is otherwise eligible under the terms of the Plan). None of the time periods described in this 3.1 shall be counted more than once.

3.1.1 Plan A and B Service. Credited Service includes Service reported on a Transfer Participant's Prior Service Certificate issued as a result of his having been a participant in Plan A or Plan B and which Credited Service shall have been calculated in accordance with the provisions of the relevant prior plan.

3.1.2 Unused Accumulated Sick Leave; Accrued Vacation; Bonus Days. Credited Service shall not include unused accumulated sick leave but shall include accrued vacation days and "bonus days" pursuant to governing personnel policy.

3.1.3 Extensive Unpaid Absences. A Full-Time Active Participant who is not paid for 51% or more of a calendar month for any reason shall receive no Credited Service for the entire month. A Part-Time Employee who is not paid for 51% of the hours normally scheduled during a calendar month shall receive no Credited Service for the entire month.

3.1.4 Exclusion of Service While Not an Eligible Employee. Except for Participants who are Disabled Participants, Credited Service shall not include any Service performed when an Employee was not an Eligible Employee.

3.1.5 Positions Without Hourly Standards. If the Board determines, in its sole discretion, a Participant's employment position does not lend itself to any hourly work requirements or standards, Credited Service for such Participant shall be determined as if he is paid for working a specified number of hours per calendar year, as determined by the Board in a consistent and non-discriminatory manner.

3.2 Interruption of Service. Except as otherwise set forth herein, an Interruption of Service occurs upon an Active Participant's Termination or, if later, upon the termination of the Disability of a Disabled Participant. However, an Interruption of Service shall not occur when a Participant is on an approved leave of absence, with or without pay, in accordance with governing personnel policies; any eligible leave under the Family Leave Act, for example, will not constitute an Interruption of Service. Absence from work as a result of illness will not cause an Interruption of Service so long as the absence remains an approved leave of absence, but if continued absence is not approved under governing personnel policies, an Interruption of Service will occur. An Interruption of Service shall not occur during the time that a Participant is a Disabled Participant.

3.3 Reemployed Participants. Participants who Terminate and Participants whose payments under the Disability Contract are terminated will receive Credited Service as if there had been no Interruption of Service if they are subsequently reemployed by an Employer and if and only if one of the following circumstances is applicable:

- (a) the Participant's Termination or absence was due to Qualified Military Service, and he is entitled to reemployment under the provisions of any applicable state or federal law, including chapter 43 of title 38 of the United States Code, and he does, in fact, become an Eligible Employee within the time specified by law and in the manner and under the conditions prescribed by law;
- (b) the Participant is an elected official of the County and is reelected within nine (9) years of an election defeat; or
- (c) the Participant returns to work as an Eligible Employee within two (2) years following Termination, he was in good standing at the time of his Termination, and he repays any distribution made to him after his Termination in accordance with the provisions of 4.9, as the case may be.

Otherwise, if a Participant has accumulated Credited Service both before and after an Interruption of Service, his entitlements to a Pension shall be determined as if he were two separate Participants.

3.4 Part-Time Employees. Each Active Participant who is a Part-Time Employee shall be entitled to Credited Service as if he were a Full-Time Employee. Furthermore, each such Participant who normally works fewer than 12 months during a calendar year shall be entitled to Credited Service as if he had worked for 12 months during the calendar year.

3.5 Commissioners. Commissioners shall receive Credited Service as if they were Full-Time Employees.

3.6 Involuntary Transfer City-to-County Employees. The Credited Service of a Participant who is an Involuntary Transfer City-to-County Employee shall include Service contained in his City Transfer Service Certificate.

ARTICLE 4
OPTIONAL CASH DISTRIBUTIONS,
RETIREMENT PENSIONS, AND
OTHER RETIREMENT BENEFITS

4.1 Optional Cash Distributions. At any time after Termination but before actual receipt of a Retirement Pension, each Participant who is entitled to a Retirement Pension, whether or not such entitlement is immediate or not, and whose benefits are not payable to him pursuant to 4.6, may elect to receive an Optional Cash Distribution (subject to the provisions of 7.6) in an amount not to exceed the lesser of (a) the Maximum Permissible Cash Distribution as of the date of Termination or (b) the Present Value of his Accrued Benefit at the relevant time. Any Optional Cash Distribution must be in an amount that is a multiple of \$10,000. If any Optional Cash Distribution the Participant elects to receive has the effect of reducing his Accrued Benefit to less than \$200 per month, his Optional Cash Distribution shall be increased to the Present Value of his Accrued Benefit.

4.2 Normal Retirement Pensions. The Normal Retirement Pension of each Participant who has attained Normal Retirement Date, expressed in terms of a life annuity for the Participant's life, shall be the greater of the Pension described in paragraph (a) or the Pension described in paragraph (b). Such Pension shall begin as of the day following his Termination after reaching Normal Retirement Date and shall be payable in arrears on the last day of each month thereafter during his lifetime.

(a) (1) the product of (i) his Final Average Earnings, (ii) his years of Credited Service (limited to 35 years of Credited Service), and (iii) 2.35%; and

(2) reducing such monthly payment by the Life Annuity Equivalent of the Optional Cash Distribution elected by and/or previously paid to the Participant; or

(b) the Life Annuity Equivalent of his Alternate Benefit Accrual Account, the normal form of payment of which, if the Participant has a Spouse, shall be a 75% joint and survivor annuity with his Spouse which is the Actuarial Equivalent of the Life Annuity Equivalent of the Participant's Alternate Benefit Accrual Account.

4.2.1 Normal Retirement Pension Following Disability Contract Termination Date (ADEA I). On the first day of the month following a Disabled Participant's Disability Contract

Termination Date (ADEA I) (or, if earlier, the day before his annuity starting date, if he is otherwise eligible for and elects to begin receiving a Normal Retirement Pension before his Disability Contract Termination Date (ADEA I)), he shall be eligible to receive a Normal Retirement Pension, calculated as set forth in 4.2, under the following assumptions and with the following adjustments: (a) the Participant shall be deemed to have terminated on his Disability Contract Termination Date (ADEA I) (or, if applicable, the day prior to such annuity starting date); (b) the Participant shall be deemed to have earned Credited Service for all periods he was an Insured Disabled Participant (as provided in 3.1); and (c) the Participant's Final Average Earnings shall be adjusted by the COLA from the beginning of the period described in (b) above through his Disability Contract Termination Date (ADEA I)(or, if applicable, until such annuity starting date). Notwithstanding the foregoing, if the Participant's Credited Service, as so calculated, would not have entitled him to a Normal Retirement Pension as of the day before his Normal Retirement Date, he shall not be entitled to a Normal Retirement Pension.

4.3 Early Retirement Pension. If the Termination of a Participant who is not eligible for a Normal Retirement Pension occurs after completion of the required years of Credited Service and on or after age 55, his Early Retirement Pension shall be the greater of the Pension described in paragraph (a) or the Pension described in paragraph (b). Such Pension shall begin as of the day following his Termination after reaching age 55 or such later date chosen by the Participant (but not beyond age 65) and shall be payable in arrears on the last day of each month thereafter during his lifetime.

(a) (1) the product of (i) his Final Average Earnings, (ii) his years of Credited Service (limited to 35 years of Credited Service), and (iii) the percentage factor set forth on **Table ERP**, based upon the Participant's attained age as of the date his Pension actually begins; and

(2) reducing such monthly payment by the Life Annuity Equivalent of any Optional Cash Distribution elected by and/or previously paid to the Participant; or

(b) the Life Annuity Equivalent of his Alternate Benefit Accrual Account, the normal form of payment of which, if the Participant has a Spouse, shall be a 75% joint and survivor annuity with his Spouse which is the Actuarial Equivalent of the Life Annuity Equivalent of the Participant's Alternate Benefit Accrual Account.

4.3.1 Required Years of Credited Service. For purposes of 4.3, the required years of Credited Service shall be seven and one-half (7 ½) except in the case of an Involuntary Transfer County-to-City Employee, in which case the required years of Credited Service shall be that number of years required to earn a deferred vested benefit under the City of Memphis Retirement System, regardless of the number of years of Credited Service such Employee had earned prior to such involuntary transfer.

4.4 Deferred Vested Retirement Pension-- Table DVRP. Each Participant who has completed the required years of Credited Service at the time of his Termination and who is not eligible for a Normal Retirement Pension or an Early Retirement Pension shall be eligible for a Deferred Vested Retirement Pension. The amount of the Deferred Vested Retirement Pension shall be the greater of the Pension described in paragraph (a) or the Pension described in paragraph (b). Such Pension shall begin at a time of the Participant's election, but no earlier than his attainment of age 55 and no later than his attainment of age 65. It shall be payable in arrears on the last day of each month thereafter during his lifetime.

(a) (1) the product of (i) his Final Average Earnings, (ii) his years of Credited Service (limited to 35 years of Credited Service), and (iii) the percentage factor set forth on **Table DVRP**, based upon the Participant's attained age at the time his Pension actually begins; and

(2) reducing such monthly payment by the Life Annuity Equivalent of any Optional Cash Distribution elected by and/or previously paid to the Participant; or

(b) the Life Annuity Equivalent of his Alternate Benefit Accrual Account, the normal form of payment of which, if the Participant has a Spouse, shall be a 75% joint and survivor annuity with his Spouse which is the Actuarial Equivalent of the Life Annuity Equivalent of the Participant's Alternate Benefit Accrual Account.

4.5 Benefit Calculations for Involuntary Transfer Employees.

4.5.1 Involuntary Transfer City-to-County Employees. Notwithstanding the provisions of 4.2 through 4.4, a Retirement Pension otherwise payable from this Plan to an Involuntary Transfer City-to-County Employee shall be calculated as the excess, if any, of:

- (a) a Retirement Pension (if any) payable hereunder to the Participant based on his Total Credited Service (not to exceed 35 years of Total Credited Service) and his Final Average Earnings as of the date of Termination (taking into consideration all other relevant provisions of 4.1 through 4.4), over
- (b) a Retirement Pension (if any) payable to the Participant based solely on his City Transfer Service and Final Average Earnings as of the date of Termination (taking into consideration all other relevant provisions of 4.1 through 4.4).

4.5.2 Involuntary Transfer County-to-City Employees. Notwithstanding other provisions of Article 4 to the contrary, if the Total Credited Service of an Involuntary Transfer County-to-City Employee is at least equal to the Credited Service necessary to enable a Participant to receive a Retirement Pension under Article 4, then upon termination of his City employment he shall be entitled to the appropriate Retirement Pension. Such Retirement Pension shall be calculated as set forth in 4.2, 4.3, or 4.4, whichever is applicable, but (i) his Final Average Earnings shall be that from the City (not from the County) and (ii) his years of Credited Service shall be those set forth on his County Transfer Service Certificate (not his Total Credited Service).

4.6 Lump Sum Payments.

4.6.1 Mandatory Cash-Outs. Upon Termination of a Participant who is not eligible for any Retirement Pension, the Board shall pay to him his Participant Contributions Account in one lump sum, without his consent. Furthermore, notwithstanding the provisions of 4.4, if the Present Value of Accrued Benefit of a Terminated Participant who is entitled to a Deferred Vested Retirement Pension is less than \$20,000 at the time of Termination, the Board shall pay to him the Present Value of his Accrued Benefit in one lump sum, without his consent.

4.6.2 Time for Payment. No payments under 4.6.1 shall be made until at least 180 days after the Participant's Termination. The Board may establish one or more specified periods during the Plan Year in which such payments will be made. Notwithstanding the foregoing, no payment shall be made to a Participant if he has been reemployed as an Eligible Employee at the time established for payment. Until payment is actually made to the

Participant, the terms of the Plan other than this 4.6 shall apply with respect to him.

4.6.3 Calculation of Benefit. The lump sum payment required to be made under 4.6.1 shall be calculated as of the first day of the calendar quarter in which payment is made.

4.7 Optional Pensions.

4.7.1 Election and Revocation of Election. A Participant who is entitled to receive a Retirement Pension may, at least 90 days prior to the beginning of the such Pension, elect to receive an Optional Pension in lieu of both the Retirement Pension otherwise payable to him and the Permanent Survivor Pension otherwise payable to his Spouse. The election shall be in writing in such form and manner as the Board may prescribe. At least 90 days before the beginning of the Optional Pension, the Participant may revoke his election and make a new election. Upon good cause shown, a Participant may elect to revoke his election within the 90 day period but no later than 45 days before the beginning of the Pension. The election of an Optional Pension shall be null and void if the Participant or his Named Beneficiary under the optional form dies before the beginning of the Optional Pension, and the Retirement Pension and/or Survivor Pension otherwise payable under the Plan shall again become payable.

4.7.2 Actuarial Equivalence. Each Optional Pension shall be the Actuarial Equivalence of Retirement Pension otherwise payable to the Participant alone.

4.7.3 Forms of Optional Pensions. The Board shall not approve any Optional Pension under which the actuarial value of benefits payable to Named Beneficiaries is greater than 50% of the value of all benefits under the Optional Pension.

4.7.3.1 Option A - Joint and Survivor Annuity. A pension payable to the Participant for his life and, after his death, a percentage (as specified by the Participant in his election) of the Participant's pension for the life or lives of his Named Beneficiary or Named Beneficiaries. Permissible percentages of the continuing pension to the Named Beneficiary or Named Beneficiaries are 50%, 66 2/3%, 75%, or 100%, except that a 50% and a 66 2/3% joint and survivor annuity shall not be an available Optional Pension if the Participant's Named Beneficiary is his Spouse. If the Participant has more than one Named Beneficiary, Actuarial Equivalence shall be calculated by using the age of the youngest Named Beneficiary and, upon the

Participant's death, dividing the resulting survivor benefit by the number of then living Named Beneficiaries. Notwithstanding the foregoing, this form of Optional Pension shall not be available to a Participant who has a Spouse unless his Spouse shall have consented in writing to the selection of such Optional Pension on a form and in a manner satisfactory to the Board.

4.7.3.2 Option B - Life Only with a 10-Year Certain Payment. A pension payable to the Participant for the longer of the Participant's life or 120 months from the annuity starting date. If the Participant dies within 120 months from the annuity starting date, the same pension shall be payable to his Named Beneficiary or Named Beneficiaries until the end of such 120 month period. If there is more than one Named Beneficiary, the payment shall be divided into as many equal shares as there are Named Beneficiaries on the annuity starting date and paid accordingly to such Named Beneficiaries or to their estates upon their deaths. Notwithstanding the foregoing, this form of Optional Pension shall not be available to a Participant who has a Spouse unless his Spouse shall have consented in writing to the selection of such Optional Pension on a form and in a manner satisfactory to the Board.

4.7.3.3 Option C - Life Only Annuity. If the Participant's Retirement Pension is calculated as the Life Annuity Equivalent of his Alternate Benefit Accrual Account, then a pension payable to the Participant for his life only, in the amount of such Life Annuity Equivalent. Notwithstanding the foregoing, this form of Optional Pension shall not be available to a Participant who has a Spouse unless his Spouse shall have consented in writing to the selection of such Optional Pension on a form and in a manner satisfactory to the Board.

4.7.3.4 Option D - Special Form Option. A benefit form specified by the Participant, subject to the approval of the Board, which shall be tailored to the pattern of benefits reasonably necessary to meet specific needs of the Participant and the Participant's Spouse. A special form of Optional Pension shall not be available to a Participant who has a Spouse unless his Spouse shall have consented in writing to the selection of such Optional Pension on a form and in a manner satisfactory to the Board.

4.8 Transition Period Pensions. Notwithstanding anything in 4.1 through 4.7 to the contrary, the Retirement Pension of each Transfer Participant who is otherwise eligible for a Retirement Pension under this section but whose Termination occurs within his Transition Period shall be calculated and paid as if he had

remained a participant in Plan A. In addition, unless he is entitled to receive a Public Safety Pension under Plan A, the Participant shall be entitled to be paid his Participant Contributions Account, payable within 30 days after his Termination; if he is entitled to receive a Public Safety Pension under Plan A, he shall be entitled to be paid the excess of his Participant Contributions Account over the amount that would have been his employee contributions account under Plan A if Plan C had never been adopted.

4.9 Repayment of Distributions with Interest upon Reemployment. If a Terminated Participant who has received an Optional Cash Distribution under 4.1 or a distribution under 4.6.1 or 4.6.2 is reemployed as an Eligible Employee under circumstances that would permit his prior Credited Service to be restored under 3.3 absent his having received such payment, he shall have the right to repay the Trust the entire amount of his previous distribution(s) plus interest, compounded annually through the date of repayment at the rate set forth on Schedule 1 and utilized by the Actuary in calculating the Present Value of Accrued Benefit and Life Annuity Equivalent. Such repayment must be made on a single date in the form of one or more cashier's checks payable to the Trust and must be made within one (1) year of his date of reemployment. If the Participant had caused the Trust to transfer any previously made payment directly into an Eligible Retirement Plan, the Trustee shall accept a direct transfer of cash from such Eligible Retirement Plan as part (or all, as the case may be) of such repayment. Upon full repayment, the provisions of 3.3 shall apply to the Participant.

4.10 Minimum Distribution Rules under IRC 401(a)(9). The requirements of this section shall apply to any payments of a Participant's benefits and shall take precedence over any inconsistent provisions of the Plan. All payments required under this section shall be determined and made in accordance with the Treasury Regulations 1.401(a)(9)-0 through 1.401(a)(9)-9 except to the extent specifically not applicable to governmental plans; all life expectancy and joint and last survivor expectancy are computed by use of the tables set forth in Treasury Regulation Section 1.401(a)(9)-9, as such tables may be amended pursuant thereto. The consent of the Participant or of the Participant's Spouse or Designated Beneficiary shall not be required to make a payment required under this section.

4.10.1 Required Beginning Date. The entire interest of a Participant must be paid or begin to be paid no later than the Participant's Required Beginning Date.

4.10.2 Duration of Benefits. Benefits to a Participant shall be paid, beginning not later than the Required Beginning Date in accordance with Treasury Regulations 1.401(a)(9), for a period not exceeding the life or life expectancy of the Participant or, if applicable, the joint lives or life expectancies of such Participant and his Designated Beneficiary.

"Life expectancy" shall mean the life expectancy (or joint and last survivor expectancy) calculated by using the attained age of the Participant (or Designated Beneficiary) as of the Participant's (or Designated Beneficiary's) birthday in the applicable calendar year, provided that lifetime distributions must always satisfy the incidental death benefit requirements of IRC 401(a)(9)(G). Where the Designated Beneficiary is the Participant's spouse, life expectancies may be redetermined not less frequently than annually. The applicable calendar year shall be the first distribution calendar year, except that, if annuity payments begin before the Required Beginning Date, the applicable calendar year is the year such payments begin.

4.10.3 Payments after Death of Participant.

4.10.3.1 Payments Begun Before Death. If payment of a Participant's benefits has begun in accordance with this Plan, but the Participant dies and benefit payments are to be made after his death, then such benefit payments shall be made after his death at least as rapidly as they were under the benefit payment option in effect as of the date of his death.

4.10.3.2 Payments Not Begun Before Death. If the Participant dies before payment of his benefits begins, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death except to the extent that the provisions of either paragraph (a) or (b), below, apply:

- (a) If any portion of the Participant's interest is payable to a Designated Beneficiary other than a surviving spouse, payments may be made over the life expectancy of the Designated Beneficiary, or over a period certain not longer than the life expectancy of the Designated Beneficiary, beginning on or before December 31 of the calendar year immediately following the calendar year in which the Participant died;
- (b) if the Designated Beneficiary is the Participant's surviving spouse, payments may be made over the life expectancy of such surviving spouse or over a period certain not longer than the life expectancy

of such surviving spouse, beginning on or before the later of (1) December 31 of the calendar year immediately following the calendar year in which the Participant died; or (2) December 31 of the calendar year in which the Participant would have attained age 70 ½. Furthermore, if the surviving spouse dies before payments to such surviving spouse begin, payments to further beneficiaries, if any, shall be required to begin as if such spouse were the Participant under this paragraph (b).

4.11 Ineligibility for Benefits While Actively Employed. Except as otherwise required by law or in 4.11, no Participant is entitled to payment of a Pension from this Plan while he is an Active Participant in the Plan (whether or not then accruing service for a pension).

4.11.1 Suspension of Retirement Pension. Except as provided in 4.11.2, the Pension then being paid to any Terminated Participant who again becomes an Employee (whether or not he again becomes an Eligible Employee) shall immediately cease. Upon his Termination after such reemployment, his Pension shall recommence as of the first day of the following month, and if he shall have qualified for additional Pension benefits under the terms of the Plan, his Pension shall be recalculated accordingly.

4.11.2 Exception for Certain Temporary Employees. The provisions of 4.11.1 shall not apply to any Terminated Participant reemployed as a Temporary Employee (and, thus, not eligible to accrue additional benefits under the Plan), provided that: (a) his rate of pay is the lesser of (i) the rate of pay specified for a Temporary Employee in the appropriate salary position or (ii) an amount equal to that of A Step (entry level) for the position in which he is temporarily employed, and (b) his employment does not exceed 90 working Days in any calendar year.

ARTICLE 5
DISABILITY PENSIONS

5.1 No Disability Pensions Payable under This Plan. Except as provided in this Article, this Plan shall not provide a pension to any Participant by reason of the fact that such Participant is disabled.

5.2 Ordinary Disability Pension for Involuntary Transfer County-to-City Employee. If an Involuntary Transfer County-to-City Employee's Total Credited Service is sufficient to entitle him to an ordinary disability pension from the City Plan (with the fact of disability determined under the provisions of the City Plan), so long as such disability exists, he shall be entitled to a disability pension from this Plan in the amount of the excess, if any, of:

- (a) an "Ordinary Disability Pension" (as defined in Plan A, calculated as if the Participant had been a participant in Plan A and as if Plan A had not been amended to reflect the existence of the Disability Contract) based on his Total Credited Service and his "average monthly compensation" (as defined in the City Plan) as of the date of "ordinary disability" (as defined in the City Plan), over
- (b) the Participant's disability entitlement from the City Plan.

Notwithstanding the foregoing, the ordinary disability pension payable from this Plan to an Involuntary Transfer County-to-City Employee shall not exceed 60% of the Participant's "average monthly compensation" (as defined in the City Plan), as adjusted by the COLA from time to time, less the Participant's monthly disability entitlement from the City Plan.

5.3 Line of Duty Disability of Involuntary Transfer County to-City Employee. If any Involuntary Transfer County-to-City Employee incurs a "line of duty disability" as defined in section 25-1(27) of the City Plan, the Board shall cause the Fund to transfer to the City Plan the greater of (i) Participant's Contribution Account, if any, or (ii) the sum of \$10. Such transfer shall be a full and unconditional release of this Plan by the Participant and the City with respect to any further benefit obligations.

ARTICLE 6
SURVIVOR PENSIONS

6.1 Death of Active Vested Participant; Line of Duty Death; Death of Disabled Participant. If a Participant dies before Termination and (a) at the time of his death he had completed at least 7 ½ years of Credited Service or (b) his death is a Line of Duty Death, or if a Participant dies during the time that he was an Insured Disabled Participant, then the following Survivor Pensions are payable if the Participant is survived by either Dependent Children or Spouse or both.

6.1.1 Dependent Children. If and so long as there is at least one survivor of the Participant who is a Dependent Child, the Survivor Pension to or for the benefit of such Dependent Child(ren) shall be 50% of the Participant's Final Average Earnings determined as of the date of death. A Disabled Participant's Final Average Earnings shall be adjusted by the COLA from the date of his Termination until the date of his death.

6.1.2 Surviving Spouse.

6.1.2.1 Participant with Less Than 15 Years of Credited Service. If, at the time of his death, the Participant had fewer than 15 years of Credited Service and his surviving Spouse is his Named Beneficiary, the Participant's Alternate Benefit Accrual Account, to the extent vested and non-forfeitable, shall be paid to his surviving Spouse in a lump sum within 90 days of the date of the Participant's death.

6.1.2.2 Participant with Fifteen or More Years of Credited Service. If, at the time of his death, the Participant had 15 or more years of Credited Service and his surviving Spouse is his Named Beneficiary, his surviving Spouse shall be entitled to a Survivor Pension for the life of the surviving Spouse in the amount of the greater of:

- (a) 75% of a pension calculated by multiplying his Final Average Earnings (in the case of a Disabled Participant, adjusted by the COLA from the date of his Termination until the date of his death) by the product of (i) his years of Credited Service (limited to 35 years of Credited Service) and (ii) 2.35%. Such Pension shall be payable monthly for the Spouse's life, beginning on the date on which the Spouse attains age 65, or

- (b) the Actuarial Equivalent of the Participant's Alternate Benefit Accrual Account as of the date of his death, payable monthly for the Spouse's life.

If the Survivor Pension is calculated under 6.1.2.2(a) and if the surviving Spouse is under age 65 at the time of the Participant's death, the Participant's Final Average Earnings shall be adjusted by the COLA over the period of time from the Participant's death to the Spouse's 65th birthday. In lieu of receiving such Survivor Pension at age 65, the surviving Spouse shall have the right to make the election under 6.6.

6.1.3 Named Beneficiary Other Than Surviving Spouse. If the Participant's Named Beneficiary was not his surviving Spouse, his Alternate Benefit Accrual Account, to the extent vested and non-forfeitable, shall be paid to his Named Beneficiary in a lump sum within 90 days of the date of the Participant's death.

6.2 Survivor Benefits upon Death of a Participant After Termination If Not Previously Receiving Disability Pension.

6.2.1 Death While Receiving a Retirement Pension. If a Participant, including an Involuntary Transfer County-to-City Employee, dies after Termination and was receiving at the time of his death (or was then entitled to immediate receipt of) a Retirement Pension, then the following Pensions shall be payable to his survivors.

6.2.1.1 Spousal Survivor Pension. Unless the Participant shall have elected to receive an Optional Pension or unless the Participant's Retirement Pension was calculated as the Life Annuity Equivalent of his Alternate Benefit Accrual Account, his surviving Spouse (if any) shall be entitled to receive a Survivor Pension in the amount of 75% of the Participant's Retirement Pension (or the Retirement Pension the Participant was then entitled to immediate receipt of). Such Survivor Pension shall be payable as of the surviving Spouse's 65th birthday (or if later the date of the Participant's death) and shall be payable in arrears on the last day of each month thereafter for the surviving Spouse's life. In lieu of receiving such Survivor Pension at age 65, the surviving Spouse shall have the right to make the election under 6.6.

6.2.1.2 Optional Pension. If the Participant shall have elected to receive an Optional Pension, all survivor benefits

shall be determined in accordance with the terms of his elected Optional Pension.

6.2.1.3 Pension Based on Life Annuity Equivalent of Participant's Alternate Benefit Accrual Account. If the Participant's Pension was calculated as the Life Annuity Equivalent of his Alternate Benefit Accrual Account, all survivor benefits shall be determined in accordance with the terms of such Pension, including any Optional Pension elected in lieu thereof.

6.2.2 Death Before Receipt of Retirement Pension. If a Participant dies after Termination and before receipt of any Retirement Pension, then the provisions of 6.1.2 and 6.1.3 shall apply, except that any such Survivor Pension so payable shall be reduced by the Life Annuity Equivalent of all Optional Cash Distributions elected by and/or previously paid to the Participant.

6.3 [Reserved].

6.4 [Reserved].

6.5 [Reserved].

6.6 Spousal Survivor Pension Option. When a surviving Spouse is entitled to a Survivor Pension only after such surviving Spouse has attained age 65, such surviving Spouse who has not attained age 65 shall have the right, at any time before the Survivor Pension begins, to elect to receive, in lieu of the designated Survivor Pension, an Actuarially Equivalent monthly lifetime Survivor Pension to begin at an earlier specified date.

Where the Participant's Final Average Earnings is otherwise required in this Article to be adjusted by the COLA from the date of the Participant's death to the Spouse's 65th birthday, it shall be so adjusted only until the date the Survivor Pension becomes payable to the surviving Spouse pursuant to the election.

If the election under this 6.3 is made, the Survivor Pension will continue to be paid to the Spouse for life, regardless of any subsequent remarriage. However, such Survivor Pension shall not be adjusted by the COLA until the January 1 following the Spouse's 65th birthday.

6.7 Payments to or for the Benefit of Dependent Children. The Survivor Pension payable to or for the benefit of a deceased Participant's Dependent Children shall be divided equally among the persons who are, from time to time, Dependent Children. All Survivor Pensions payable to or for the benefit of a Dependent

Child who is under a legal incapacity shall be paid to the court-appointed legal guardian of the estate of such Dependent Child. Survivor Pensions payable to or for the benefit of a Dependent Child who is not under a legal incapacity shall be paid directly to such Dependent Child.

6.8 Time for Payment of Survivor Pensions. When a Survivor Pension is originally payable as of a particular date, it shall be calculated from such date even though payment may take place at a later date as a result of administrative procedures or otherwise. Thereafter, each monthly Survivor Pension payment shall be made in arrears on the last business day of the month.

ARTICLE 7
MISCELLANEOUS BENEFIT PROVISIONS

7.1 Application for Benefits. Before any Pension or other benefit under the Plan is payable, all conditions applicable to the payment of the Pension or other benefit must be met. Additionally, a written application for the Pension or benefit must be presented to the Board in such form and manner as the Board shall determine, and payment of the Pension or benefit must be approved and authorized by the Board.

7.1.1 Participant's Certification of Marital Status. Prior to and as a condition of the Participant's receipt of any benefits under the Plan, each Participant shall certify in writing and under oath to the Board his marital status. His certificate shall state whether or not he is legally married under the laws of the State and, if he is so legally married, the name, Social Security number, and address of his spouse and the date of their marriage. If he is legally married, he shall attach to his certificate a copy of his marriage license. The Board shall be entitled to rely upon the Participant's certificate and its contents unless and until his certificate is proven false to the Board's satisfaction, at which time the Board shall fashion an appropriate remedy which may include denial of future benefits to the person to whom benefit payments would otherwise have been paid upon the Participant's death (or were being paid after the Participant's death) and an award of such benefits to a person who is proven to have been the Participant's Spouse at the relevant time. Under no circumstances shall the Board, the County, or any of its elected or appointed officials or employees be liable or responsible in any way to any person by reason of the Board's reliance upon the accuracy of the Participant's certificate.

7.1.2 Spouse's Proof of Marital Status. Where a Pension or benefits are payable to the Spouse of a Participant, the person making the application shall present satisfactory proof to the Board that such person meets the Plan's definition of "Spouse."

7.1.3 Birth Certificates. Where a Pension or other benefit is payable to a Participant, his Spouse or Dependent Child, or any other Beneficiary of his, the Participant (if living and able, otherwise the person making the application) shall provide to the Board, promptly upon request, a copy of the birth certificate (or other evidence of the date of birth and parentage) of each person with respect to whose age the Pension or other benefit is calculated or with respect to whom it is

payable. Such birth certificate (or other evidence of the date of birth and parentage) shall be in such form as is required by the Board.

7.2 Proration of Pensions for Partial Months. The first month's Pension shall be prorated to reflect the number of days in the month following the Participant's Termination. The last month's Pension shall be prorated to reflect the number of days preceding death or other termination of the Pension.

7.3 Pension Formulas; Benefit Tables; Interpolations. Pension formulas contained in this Plan, including Tables appended to this Plan document, are designed to express benefits using as factors a Participant's exact age and his exact number of years of Credited Service in full years. Pension formulas and Table rates applicable at intermediate ages (or at earlier or later ages) and lengths of Credited Service shall be determined by the Board by interpolation in accordance with the written directions of the Actuary.

7.4 Reserved.

7.5 Cost-of-Living Adjustments.

7.5.1 Application to Certain Pensions. On January 1 of each year, a COLA shall be made for the 12 months then beginning with respect to the following Pensions then being paid:

(a) Normal Retirement Pensions, but only for calendar years after the Participant has attained age 65;

(b) Early Retirement Pensions, but only for calendar years after the Participant has attained age 65;

(c) Disability Pensions;

(d) Survivor Pensions to Surviving Spouses, but only for calendar years after the Spouse has attained age 65;

(e) Optional Pensions but only for calendar years after the Participant has attained age 65.

In addition, COLAs shall also be made in determining the initial amount of certain Survivor Pensions, as more specifically set forth in Article 6.

7.5.2 Amount of COLAs.

7.5.2.1 In General. The COLA to each eligible Pension as of January 1 of each year shall be the lesser of (a) 4% or (b)

the percentage increase (if any) in the CPI-U (or, in the discretion of the Board, such other cost of living index utilized from time to time by the Social Security Administration in adjusting benefits under the OASDI provisions of the Social Security Act) during the 12 month period ended on the preceding September 30, as computed by the Actuary.

7.5.2.2 Further Limitations. Notwithstanding the provisions of 7.5.2.1, except as otherwise permitted under IRC 415 as a result of the application of the COLA, no Pension shall at any time exceed 100% of the Participant's Final Average Earnings. Furthermore, for the Plan Year in which the Participant's post-Termination benefit first exceeds 100% of his Final Average Earnings, and for each succeeding Plan Year, the percentage increase in each benefit payment for each such Plan Year shall be the lesser of the COLA or the maximum permissible cost-of-living adjustment prescribed by the Secretary of the Treasury under IRC 415(d)(1)(B) and 415(d)(2).

7.6 Direct Transfer of Eligible Rollover Distribution. A Participant shall be permitted to elect to have any Eligible Rollover Distribution transferred directly to an Eligible Retirement Plan specified by the Participant. The Plan provisions otherwise applicable to distributions continue to apply to the direct transfer option. The Participant shall, at the time and in the manner prescribed by the Board, specify the amount to be directly transferred and the Eligible Retirement Plan to receive the transfer. Any portion of an Eligible Rollover Distribution which is not so transferred shall be distributed to the Participant, subject to any required tax withholding. The Participant's direct transfer option is also available to the Participant's Surviving Spouse (if the Surviving Spouse is the Participant's Beneficiary), provided that an Eligible Retirement Plan qualified to receive such distribution shall be only an individual retirement account or individual retirement annuity.

7.7 Limitation on Benefits in Compliance with IRC 415. Notwithstanding any other provision in this Plan to the contrary, the provisions of 7.7 shall apply to limit benefits otherwise payable under the Plan.

7.7.1 Annual Benefit Not to Exceed Maximum Permissible Amount; Cut-Backs. The Annual Benefit otherwise payable to a Participant for any Limitation Year shall not exceed the Maximum Permissible Amount. If the benefit a Participant would otherwise accrue in a Limitation Year would produce an Annual Benefit in excess of the Maximum Permissible Amount, then the rate of

accrual will be reduced so that the Annual Benefit shall equal the Maximum Permissible Amount.

7.7.2 Participation in More Than One Plan. [Reserved]

7.7.3 Grandfathered Limitations. In the case of an individual who was a Participant in one or more qualified defined benefit plans of the Employer as of the first day of the first Limitation Year beginning after December 31, 1986, the application of the limitations of 7.7 shall not cause the Maximum Permissible Amount for such individual under all such qualified defined benefit plans to be less than the individual's Accrued Benefit under all such qualified defined benefit plans as of December 31, 1986. The preceding sentence applies only if all such qualified defined benefit plans met the requirements of IRC 415 for all Limitation Years beginning before January 1, 1987.

7.7.4 415 Definitions are the following:

"Annual Benefit" shall mean a retirement benefit under the Plan which is payable annually in the form of a straight life annuity. Except as provided below, a benefit payable in a form other than a straight life annuity shall be adjusted to an Actuarial Equivalent straight life annuity before applying the limitations of 7.7. The Annual Benefit shall not include any benefits attributable to employee contributions or rollover contributions, or the assets transferred from a qualified plan that was not maintained by the Employer. No actuarial adjustment to the benefit is required for (i) the value of a qualified joint and survivor annuity, (ii) the value of benefits that are not directly related to retirement benefits (such as qualified disability benefits, pre-retirement death benefits, and post-retirement medical benefits), and (iii) the value of post-retirement cost-of-living increases, if any, made in accordance with IRC 415(d) and Section 1.415-3(c)(2)(iii) of the Treasury Regulations.

"Compensation" with respect to a Participant means compensation within the meaning of IRC 3401(a) (for purposes of income tax withholding at the source), as reportable in Box 1 of the Participant's W-2 form for the Limitation Year.

Thus, "415 Compensation" excludes compensation contributed or deferred by the Employer at the election of the Participant and not includable in Box 1 of the Participant's W-2 by reason of IRC 125 (cafeteria plans), IRC 402(g)(3) (deferrals under IRC 401(k) and 403(b) plans), or IRC 457

(non-qualified deferred compensation plans of state and local governments and tax-exempt organizations).

"Defined Benefit Dollar Limitation" means \$165,000 for the 2004 Limitation Year. For Limitation Years after 2004, the prior Limitation Year's limitation shall be automatically adjusted by multiplying such limit by the cost-of-living adjustment factor prescribed by the Secretary of the Treasury under IRC 415(d) in such manner as the Secretary shall prescribe. The adjusted limitation will apply to Limitation Years ending within the calendar year of the date of the adjustment.

"Limitation Year" means the calendar year.

"Maximum Permissible Amount" means the Defined Benefit Dollar Limitation.

(a) Except as otherwise provided in this paragraph, if the Participant has fewer than 10 Years of Participation in the Plan, the Defined Benefit Dollar Limitation is reduced by 1/10 for each Year of Participation (or part thereof) fewer than 10, but not less than 1/10th of the Defined Benefit Dollar Limitation determined without regard to this paragraph. The preceding sentence shall not apply to (i) Participants receiving Disability Pensions and (ii) Beneficiaries receiving Survivor Pensions or Optional Pensions after the Participant's death.

(b) Except as otherwise provided in this paragraph, if the Participant has fewer than 10 years of Service with the Employer, the Maximum Permissible Amount is reduced by 1/10 for each year of Service (or part thereof) less than 10, but not less than 1/10th of the Maximum Permissible Amount determined without regard to this paragraph. The preceding sentence shall not apply to (i) Participants receiving Disability Pensions and (ii) Beneficiaries receiving Survivor Pensions or Optional Pensions after the Participant's death.

(c) Except as otherwise provided in this paragraph, if the Annual Benefit of a Participant begins prior to age 62, the Defined Benefit Dollar Limitation shall be the Actuarial Equivalent of an Annual Benefit beginning at age 62. The preceding sentence shall not apply to reduce the Defined Benefit Dollar Limitation below (i) \$75,000 if benefits begin at or after age 55, or (ii) if benefits begin before age 55, the equivalent of the \$75,000 limitation for age 55.

Furthermore, in the case of full-time police or firefighters (as those occupations are defined in IRC 415(b)(2)(H)) with at least 15 years of Service in such occupations, there shall be no reduction of the Defined Benefit Dollar Limitation. The \$75,000 limitation will be automatically adjusted on an annual basis, pursuant to the provisions of IRC 415(d).

(d) Except as otherwise provided in this paragraph, if the Annual Benefit of a Participant begins after age 65, the determination as to whether the Defined Benefit Dollar Amount has been satisfied shall be made, in accordance with regulations prescribed by the Secretary of the Treasury, by increasing the Defined Benefit Dollar Limitation so that such limitation (as so increased) equals an Annual Benefit (beginning when the Retirement Pension begins) that is equivalent to a \$90,000 (as automatically adjusted after January 1, 1989, pursuant to the provisions of IRC 415(d)) benefit beginning at age 65.

(e) Benefits payable with respect to a Participant shall not be deemed to exceed the Maximum Permissible Amount in any Limitation Year if such benefits, together with all other benefits payable to the Participant under each other defined benefit plan maintained by the Participant's Employer, do not exceed \$10,000 for the plan year and the Employer has not maintained at any time a defined contribution plan in which the Participant participated.

"Year of Participation" The Participant shall be credited with a Year of Participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (i) the Participant is credited with at least the period of Service for benefit accrual purposes, required under the terms of the Plan in order to accrue Credited Service, and (ii) the Participant is included as a Participant under the eligibility provisions of the plan for at least one day of the period of Credited Service. If these two (2) conditions are met, the portion of a Year of Participation credited to the Participant shall equal the amount of Credited Service credited to the Participant for such accrual computation period. A Participant who is disabled within the meaning of IRC 415(c)(3)(C)(i) for an accrual computation period shall receive a Year of Participation with respect to that period.

In addition, for a Participant to receive a Year of Participation (or part thereof) for an accrual computation period, the Plan must be established no later than the last

day of such accrual computation period. In no event will more than one Year of Participation be credited for any 12 month period.

7.8 Named Beneficiaries.

7.8.1 Designation. Each Participant is entitled to designate one or more natural persons (including classes of natural persons) as Named Beneficiaries of Plan benefits payable after the Participant's death and not required under this Plan to be paid to specific persons. Such Named Beneficiaries may be concurrent Named Beneficiaries and/or primary and contingent Named Beneficiaries. If the Participant designates concurrent Named Beneficiaries, he shall further designate the percentages of benefits to which such concurrent Named Beneficiaries are entitled.

7.8.2 Spousal Rights. Notwithstanding the provisions of 7.8.1, a Participant who has a Spouse at any relevant time shall be automatically deemed to have named his Spouse as the sole primary Named Beneficiary unless the Spouse consents otherwise. Any such consent must be in writing on a form prescribed by the Board and shall be irrevocable (unless both the Participant and his Spouse consent in writing to a revocation), and the Spouse's signature must be witnessed by a designee of the Board. Notwithstanding the foregoing, however, upon the legal dissolution of the Participant's marriage while he is still an Employee, his former Spouse shall automatically cease to be his Named Beneficiary; provided that, subject to the first sentence of this 7.8.2, the Participant shall have the right to rename his former Spouse as a Named Beneficiary after the legal dissolution of the marriage.

7.8.3 Default Named Beneficiaries. If the Participant has not designated any Named Beneficiary of any benefits under this Plan as to which he was entitled to designate a Named Beneficiary, then his Named Beneficiaries shall be deemed to be the following persons, in the order stated:

- (1) His Spouse, if any; and, if not:
- (2) His spouse, if any; and, if not:
- (c) His issue, per stirpes, if any; and, if not:
- (d) His parents, equally, or the survivor, if any; and if not:
- (e) His estate.

ARTICLE 8
FUNDING OF PLAN; PARTICIPANT ACCOUNTS

8.1 Contributions Made to Trust Fund. All contributions to the Plan shall be made to the Trust Fund to be invested and otherwise administered in accordance with the Trust Agreement.

8.2 Employer Contributions. Each year the County shall contribute to the Trust Fund an amount actuarially calculated to be at least sufficient to enable the Plan and Plan A and Plan B to meet current and anticipated near future benefit payment requirements as well as such funds as are necessary to pay all costs and expenses of the Board, including the costs of those County Employees assigned to the Board to accomplish the day to day administration of the System and including the fees of legal counsel, the Actuary, accountants, investment advisors, brokers, consultants, and such other agents engaged by the Board to enable it to perform its duties.

8.3 Participant Contributions.

8.3.1 In General. Except as provided in 7.4.4, 8.3.2, and Article 11, Participant contributions are not permitted.

8.3.2 Required Contributions.

8.3.2.1 Amount. As a condition of his employment or continued employment on and after the Effective Date, each Active Participant shall contribute to the Fund the Required Contribution.

8.3.2.2 "Pick-Up." Pursuant to IRC 414(h)(2), the County shall make the Required Contribution to the Fund on behalf of the Participant in lieu of its being actually made by the Participant, whose compensation shall be reduced accordingly.

8.3.3 "Make-Up" Contributions Relating to Qualified Military Service. The provisions of 3.1 relating to Credited Service of a Participant during Qualified Military Service shall be applicable only if the Participant makes the payments that would otherwise have been required under this 8.3 (as if the Qualified Military Service had not taken place) within the period beginning on his date of reemployment (or date he again becomes an Active Participant) and ending on the later of the fifth anniversary of the same or the last day of the period whose duration is three (3) times the period of Qualified Military Service, all as determined by the Board. All of such payments

shall be treated as Required Contributions pursuant to section 8.3.2 and shall be "picked-up" as all other Required Contributions.

8.4 Alternate Benefit Accrual Accounts. There shall be maintained for each Participant an Alternate Benefit Accrual Account composed of (1) his Participant Contributions Account and (2) his Employer Matching Account.

8.4.1 Participant Contributions Accounts. Each Participant's Participant Contributions Account shall consist of the following elements, all of which shall be fully vested and non-forfeitable at all times:

8.4.1.1 Accounts of Plan C Participants. A Participant Contributions Account shall be maintained by the Plan for each Participant with respect to all Required Contributions made on his behalf and with respect to the accounts described in 8.4.1.2, 8.4.1.3, and 8.4.1.4. At the end of each calendar quarter, each such Participant Contributions Account shall be increased by an interest factor by multiplying such account balance as of the end of the preceding calendar quarter by 1.227%. The Plan shall separately account for each Participant Contributions Account and the interest factor credited to such Account.

8.4.1.2 Accounts of Former Plan B Participants. The employee contributions account of each former Plan B participant who transferred to Plan A and did not receive a distribution of his Plan B employee contributions account and subsequently became a Transfer Participant shall be added to the Participant's Participant Contributions Account as of the Effective Date and thereafter maintained in accordance with 8.4.1.1. The beginning balance of such addition shall be calculated pursuant to the provisions of Plan A as of the Effective Date, after which the Plan shall not separately account for such employee contributions account; provided, however, that all such employee contributions account with respect to which the "pick-up" election under IRC 414(h)(2) was not in effect shall continue to be separately accounted for.

8.4.1.3 Accounts of Former Public Safety Employees. The employee contributions account of each Transfer Participant who had an employee contributions account in Plan A by virtue of his status as a Public Safety Employee shall be added to the Participant's Participant Contributions Account as of the Effective Date and thereafter maintained in accordance with 8.4.1.1. The beginning balance of such addition shall be calculated pursuant to the provisions of Plan A as of the

Effective Date, after which the Plan shall not separately account for such employee contributions account.

8.4.1.4 Non-Pension Distributions. Any distributions (other than Retirement Pension payments) to a Participant under Article 4 shall reduce his Participant's Participant Contributions Account to the extent of the lesser of the sum of such distributions or the balance of his Participant Contributions Account.

8.4.1.5 Repayments of Distributions. Any repayments of distributions by a Participant pursuant to 4.9 shall be credited to his Participant Contributions Account in the ratio that such earlier distributions reduced his Participant Contributions Account in relation to any earlier reduction in his Employer Matching Account.

8.4.2 Employer Matching Accounts. An Employer Matching Account shall be maintained by the Plan for each Participant with respect to all Required Contributions made on his behalf after the Effective Date. An amount equal to 50% of the amount of such Required Contributions as of the last business day of each calendar quarter shall be credited to such Employer Matching Account.

8.4.2.1 Interest Accretion. At the end of each calendar quarter, each Employer Matching Account shall be increased by an interest factor by multiplying such account balance as of the end of the preceding calendar quarter by 1.227%. The Plan shall separately account for each Employer Matching Account and the interest factor credited to such Account.

8.4.2.2 Vesting/Forfeiture of Employer Matching Account. Upon a Participant's having completed 7 ½ years of Credited Service or upon his earlier Termination as a result of a Line of Duty Death, his Employer Matching Account shall be fully vested and non-forfeitable. The Employer Matching Account of each other Terminated Participant shall be entirely forfeited upon his Termination and shall be reinstated only if he again becomes a Participant before having incurred an Interruption of Service.

8.4.2.3 Non-Pension Distributions. Any distributions (other than Retirement Pension payments) to a Participant under Article 4 that were not allocated to reduce his Participant Contributions Account under 8.4.1.4 shall reduce his Employer Matching Account to the extent of the lesser of the sum of such distributions or the balance of the Participant's Employer Matching Account.

8.4.2.4 Repayments of Distributions. Any repayments of distributions by a Participant pursuant to 4.9 shall, to the extent not credited to his Participant Contributions Account pursuant to 8.4.1.5, be credited to his Employer Matching Account.

ARTICLE 9
AMENDMENT AND TERMINATION

9.1 Amendment of Plan. Any provision of the Plan may be amended and the Plan may be restated in its entirety at any time and from time to time. Any such amendment may be prospective or retroactive.

9.1.1 No Reduction of Accrued Benefits; No Contract. No Plan amendment shall reduce the Accrued Benefit of any Participant or Beneficiary. With that single exception, the terms of the Plan shall not be deemed to constitute a contract between any Employer and any Participant or Beneficiary.

9.1.2 Amendment Procedure; Recommendation of the Board. Each proposed Plan amendment or restatement shall be drafted by counsel to the Board (which may be outside counsel or the County Attorney, at the Board's discretion) to maintain consistency in the language and provisions of the Plan. It shall thereafter be presented to the Board at a regular or special meeting in the form of a County resolution. The Board shall vote on whether or not to recommend to the Commission the adoption of the amendment or restatement in the form of the proposed resolution. If the proposed amendment or restatement is voted to be recommended for adoption, the Board shall submit the resolution to the Commission with its recommendation. If the Board refuses to recommend any proposed amendment but any other person desires to present the proposed amendment to the Commission, the Board shall present the proposed amendment to the Commission with the recommendation that it not be adopted.

9.1.3 Actuarial Impact Letter. No proposed Plan amendment or restatement that affects the funding of the Plan or the benefits provided under it may be submitted to the Board or to the Commission without including as an exhibit to the proposed resolution the written determination of the Actuary of the actuarial impact of the amendment or restatement on the financial soundness of the Plan and the Trust Fund.

9.1.4 Adoption by the County Commission. The Commission shall act upon each resolution submitted to it in accordance with its rights and obligations under the County Charter.

9.1.5 Maintenance of Fully Integrated Plan Document. The Board shall at all times maintain in its offices a complete single document of the Plan, with all amendments integrated into the document.

9.2 Termination of Plan. Although the Plan is intended to continue indefinitely, the Commission, by resolution, may at any time (a) close participation in the Plan by excluding subsequently engaged Employees from participation or (b) terminate the Plan. If the Commission fails to approve funding for the Plan to maintain it on an actuarially sound basis for two (2) consecutive Plan Years, the Plan shall terminate by default.

9.2.1 Closing of Participation. If the Plan is closed to subsequently engaged Employees, it shall continue in existence in all respects as to existing Participants and their Survivors and Beneficiaries.

9.2.2 Termination of Plan. If the Plan is terminated, then unless the County shall otherwise amend the Plan pursuant to its terminating resolution, the Board shall prepare a list as follows, in each case without regard to the COLA provisions and in each case as of the termination date:

- (a) Each person then receiving a Pension and the amount and terms of such Pension (including the terms of any Survivor Pension to follow a Retirement or Disability Pension);
- (b) Each Terminated Participant and his Accrued Benefit;
- (c) Each Active Participant and his Accrued Benefit. The Accrued Benefit of each Active Participant who would not otherwise have been entitled to a Deferred Vested Retirement Pension had he Terminated the day prior to the termination of the Plan shall, as a result of the termination of the Plan, be so entitled.

The benefits set forth in paragraphs (a) through (c) shall be paid from the Trust Fund, in the manner and at the time set forth in the resolution terminating the Plan, to the extent that there are sufficient assets in the Trust Fund, taking into consideration all other benefits payable from the Trust Fund pursuant to the terms of all other constituent plans. To the extent that there are insufficient assets in the Trust Fund to pay such benefits, the County shall be liable to pay such benefits. All other benefits under the Plan, including Survivor Benefits (other than those with respect to Pensioned Participants) and Disability benefits, shall cease to exist. If, after all benefits from all constituent plans shall have been

paid from the Trust Fund, there are assets remaining in the Trust Fund, such assets shall be paid to the County, unless the resolution terminating the Plan provides otherwise.

ARTICLE 10 GENERAL PROVISIONS

10.1 Administration of the Plan. The Plan shall be interpreted and administered under the terms and conditions of that separate County resolution titled "Administration and Trust Agreement of Shelby County, Tennessee, Retirement System," the provisions of which are incorporated herein as if fully set forth herein.

10.2 Headings. The headings and subheadings of the Plan have been inserted for convenience of reference only and, except as specifically referenced, shall be of no force and effect in any construction or interpretation of the provisions of the Plan.

10.3 Gender and Number. In the construction of any provision of the Plan, the masculine, feminine, and neuter genders whenever used herein shall each be deemed to include the other where the context requires. Furthermore, terms in singular form shall be deemed to include the plural where the context requires.

10.4 Legal Incompetence. Except as otherwise provided in Article 6, if any person is a minor, or is in the judgment of the Board otherwise legally incapable of personally receiving and giving a valid receipt for any benefit payment due him thereunder, the Board may, unless and until claim shall have been made by a guardian or conservator of such person duly appointed by a court of competent jurisdiction, direct that such payment or any part thereof be made to the person's spouse, child, parent, brother or sister, determined by the Board to have incurred expense and assumed financial responsibility for the person's welfare. Any payment so made by the Board shall be a complete discharge of any liability under the Plan for such benefit payment.

10.5 Benefits Exempt from Taxation, Execution or Assignment. Any and all benefits paid, accrued or accruing to any Participant or other person participating in the Plan or otherwise entitled to receive benefits under the Plan, and the contributions of Participants as well as by the Employers, and all other assets of the Fund are and shall be exempt from any State, County or municipal tax and shall not be subject to

execution, attachment, garnishment or any other legal process whatsoever, except as provided herein or otherwise by law. Any attempted or purported assignment of any such benefits shall not be enforceable in any court, except that levy of execution granted by a court of competent jurisdiction may be issued against any of the assets described above in the event a Participant does not repay any overpayment of benefits in respect of fraud or as a result of false statements, pursuant to Section 4.5 of the Administration and Trust Agreement of Shelby County, Tennessee, Retirement System, which were paid under the Plan prior to the discovery of such fraud or false statement.

10.6 Intent to Constitute a Qualified Plan. This Plan is intended to comply with the requirements of IRC 401(a). This Plan shall be interpreted in every respect, and if necessary shall be amended, to so comply.

ARTICLE 11
OVERSIGHT PROVISIONS

SCHEDULE 1

FUNDING RATE; ACTUARIAL ASSUMPTIONS FOR CALCULATION OF OPTIONAL PENSIONS AND PRESENT VALUES OF ACCRUED BENEFITS

Funding Rate

For the Plan Year beginning on the Effective Date and successive Plan Years, until this Schedule is amended, the Funding rate is 8.25%.

Calculation of Optional Pensions

For purposes of calculating Optional Pensions:

(1) the applicable mortality table is the mortality table prescribed by the Secretary of the Treasury based on the standard table described in IRC 807(d)(5)(A) used to determine reserves for group annuity contracts issued on the date as of which the value is being determined, without regard to any other subparagraph of IRC 807(d)(5); and

(2) the applicable interest rate is 7 ½%.

Calculation of Present Value of Accrued Benefit and Life Annuity Equivalent

For purposes of calculating the Present Value of Accrued Benefit and the Life Annuity Equivalent:

(a) the applicable mortality table is the mortality table prescribed by the Secretary of the Treasury based on the standard table described in IRC 807(d)(5)(A) used to determine reserves for group annuity contracts issued on the date as of which the value is being determined, without regard to any other subparagraph of IRC 807(d)(5); and

(b)(1) the applicable interest rate for all Terminated Participants whose Present Value of Accrued Benefit is payable under 4.6 is the Funding Rate for the Plan Year in which payment is made, less 75 basis points;

(b)(2) the applicable interest rate for calculating the Life Annuity Equivalent of an Optional Cash Distribution is the Funding Rate for the Plan Year in which payment is made, less 75 basis points.

TABLE ERP
FOR CALCULATING EARLY RETIREMENT PENSIONS

AGE	PERCENTAGE
65	2.35000%
64	2.29125%
63	2.23250%
62	2.17375%
61	2.11500%
60	2.05625%
59	1.99750%
58	1.93875%
57	1.88000%
56	1.82125%
55	1.76250%

TABLE DVRP
FOR CALCULATING DEFERRED VESTED RETIREMENT PENSIONS

AGE	PERCENTAGE
65	2.35000%
64	2.12103%
63	1.91819%
62	1.73801%
61	1.57755%
60	1.43427%
59	1.30603%
58	1.19098%
57	1.08754%
56	0.99434%
55	0.91021%